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February 13, 2018

Luly E. Massaro, Clerk
Public Utilities Commission
89 Jefferson Boulevard
Warwick, RI 02888

Re: Block Island Power Company – Procurement Plan
Docket No. 4690

Dear Luly:

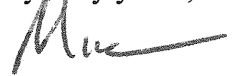
As you know, this office represents Block Island Power Company (“BIPCo”).

Pursuant to R.I.G.L. § 39-1-27.8, BIPCo hereby requests authority from the Commission to continue to utilize as its supply procurement plan the Standard Offer Procurement Plan approved by the Commission in this docket in Order No. 22968. As shown by the Testimony of David G. Bebyn, CPA, enclosed herewith, BIPCo intends to continue to utilize load following full requirements service contracts for periods of up to 18 months because there has been no material change in circumstances related to either BIPCo or the energy market since BIPCo’s existing Standard Offer Procurement Plan was approved.

BIPCo is considering entering into a 14-month contract that will commence at the end of its existing power supply contract in October 2018. The indicative rates for this 14-month contract are set forth in Mr. Bebyn’s testimony.

If you have any questions, please feel free to call.

Very truly yours,



Michael R. McElroy

MRMc:tmg

cc: Service List

**Direct Testimony
of
David G. Bebyn CPA
Power Procurement Plan Annual Filing pursuant to
R.I. General Laws 39-1-27.8**

**Block Island Power Company
Docket No. 4690**

February 2018

1 **Q. Please state your name and business address for the record.**

2 A. My name is David G. Bebyn CPA and my business address is 21 Dryden Lane,
3 Providence, Rhode Island 02904.

4
5 **Q. By whom are you employed and in what capacity?**

6 A. I am the President of B&E Consulting LLC. (B&E). B&E is a CPA firm that
7 specializes in utility regulation, expert rate and accounting testimony, school budget
8 reviews and accounting services.

9
10 **Q. What is the purpose of your testimony in this docket?**

11 A. I was asked by Block Island Power Company (BIPCo) to provide testimony in
12 support of BIPCo's annual power procurement plan filing pursuant to
13 R.I. General Laws 39-1-27.8. BIPCo is requesting permission to continue its current
14 power procurement plan as approved in Commission Order 22968.

15
16 **Q. Can you provide a summary of BIPCo's current power situation?**

17 A. BIPCo currently purchases all the energy it sells. National Grid's undersea cable
18 connecting the Island to the mainland electric grid was installed and became operational
19 during November of 2016. BIPCo's connection to the cable became operational on May
20 1, 2017. BIPCo does maintain its own diesel generators for back up purposes, but BIPCo
21 did not have to provide any back-up power generation in the last 9-month period.

22
23 **Q. Mr. Bebyn can you briefly describe BIPCo's current plans to procure
24 competitively priced wholesale power supply?**

25 A. Certainly. BIPCO worked with Energy New England ("ENE") to develop contracts
26 and relationships with potential suppliers with the expectation of purchasing energy for
27 the eighteen-month period of approximately April 2017 – October 2018. This term was
28 used because BIPCo received a waiver from implementing retail choice until October 1,
29 2018. Three master agreement power contracts to provide BIPCo access to the wholesale
30 energy market were negotiated with the ultimate contract for 18 months being awarded to
31 the lowest cost provider. The contract is a 100% load following full requirements

1 contract. The supply was therefore purchased with 100% of BIPCo's needs in a single
2 procurement.

3
4 **Q. What is BIPCo is seeking with regards to its Power Procurement plan?**

5 A. BIPCo is seeking to continue its current approved plan. Conditions have not
6 materially changed with regards to either BIPCo's financials or the energy market.
7 BIPCo is seeking to continue its utilization of a 100% load following full requirements
8 contract and to continue to purchase 100% of its needs in a single procurement. While it
9 is generally undesirable to purchase 100% of the required power supply in one
10 solicitation, the Division witness in the Commission hearing for the current power
11 procurement plan testified that, due to BIPCO's unique characteristics, he believed that it
12 was reasonable to deviate from standard power supply portfolio practices and for BIPCo
13 to purchase 100% of its needs in one solicitation. Those unique characteristics have not
14 materially changed since that filing.

15
16 **Q. Will retail choice continue to be excluded?**

17 A. Yes. After the first 6-month reconciliation filed in October of 2017, BIPCo filed in
18 December of 2017 for an additional waiver from implementing retail choice until May 1,
19 2020. The Division supported this filing and it was approved by the Commission in an
20 Open Meeting held on February 2, 2018.

21
22 **Q. Mr. Bebyn, please discuss the energy contract alternatives BIPCo is**
23 **considering.**

24 A. BIPCO is working with Energy New England ("ENE") to develop a 12-month, a 14-
25 month and an 18-month contract that will commence when the current \$36.77 MWH
26 contract ends in October 2018. There are two active and competitive suppliers that can
27 provide BIPCo with access to the wholesale energy market. As noted earlier in this
28 testimony, BIPCo is again seeking to enter into a load following full requirements
29 contract. This will reduce BIPCo's market risk since it will purchase the exact quantity of
30 energy it needs each hour. As a smaller wholesale market participant, it would be very
31 challenging for BIPCo to pursue multiple tranches of energy purchases, so bundling all

its requirements together as a single purchase is best for ratepayers. A recent load following full requirement energy solicitation resulted in the following indicative prices for various terms:

12 months	November 2018 – October 2019:	\$40.20 / MWH = 4.020 c/kwh
14 months	November 2018 – December 2019:	\$41.10 / MWH = 4.110 c/kwh
18 months	November 2018 – April 2020:	\$44.90 / MWH = 4.490 c/kwh

Q. Based upon the recent indicative load following energy solicitation, what period is BIPCo considering?

A. BIPCo is considering using the 14-month period for its next contract. BIPCo believes it would not be prudent to pay the additional cost of the 18-month contract. BIPCo wishes to keep costs reduced during this period, especially since the next rate filing will include capacity costs which will begin June 2018.

Q. Does that conclude your testimony?

A. Yes.

**Docket No. 4690 – Block Island Power Co. – Procurement Plan & Tariff
Service List as of 2/27/17**

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